

STATE REPRESENTATIVE
ADAM NEYLON



98TH ASSEMBLY DISTRICT

DATE: October 28, 2015
FROM: State Representative Adam Neylon
TO: Assembly Committee on State Affairs and Government Operations
RE: Supporting AB 251

First, I want to thank the Chairman and the Committee for holding this hearing today.

The goals of AB 251 are: 1) return some legislative oversight to the rule-making process, 2) provide more accountability in the economic impact analysis being done, and 3) give the public a better opportunity to give feedback on proposed rules.

This bill accomplishes those goals by making the following changes:

- 1) OBD & SBRRB – This bill requires agencies to submit scope statements for proposed rules to the Office of Business Development. The Office of Business Development will review the rule and report to the Governor whether they believe the agency also has the authority to promulgate such a rule. Additionally, the Office of Business Development, instead of the agency itself, will determine whether or not the rule has an impact on small businesses. If it does, the rule will be submitted to the Small Business Regulatory Review Board for a determination as to the extent of that impact.

Under this bill the OBD, in addition to the JCRAR, may make a determination that an agency's statement of policy or an interpretation of a statute meets the definition of a rule.

- 2) Public Hearings – This bill requires agencies to hold a public hearing on the scope statement after the Governor approves the scope statement. This change gives the public a chance to give feedback on a proposed rule's scope statement before an agency promulgates that actual language.
- 3) Economic Impact Analyses – This bill will hold agencies accountable by adding some oversight to their economic impact analyses for new rules. Agencies will be required to submit all economic impact analyses to the Secretary of Revenue for review and approval. Additionally, the co-chairs of JCRAR or the Sec. of Revenue may request an independent economic impact analysis to be prepared for a proposed rule.
- 4) Changes for new rules above \$10 mil. – This bill provides that any proposed rule that has an estimated economic impact of over \$10 mil. in implementation or compliance costs must be submitted to the JCRAR. The JCRAR must introduce a bill to be enacted that authorizes the promulgation of said rule, before an agency can resume the rule making process.
- 5) Emergency rules – This bill reduces the number of extensions an agency may acquire for the effective period of an emergency rule. The current emergency rule making process allows agencies to circumnavigate the public notice and hearing requirements. This bill forces agencies to begin the formal rule-making process sooner, thereby limiting the time a rule may be enforced without giving the public formal notice or a chance to comment at a hearing

Thank you for your time and I'm happy to take any questions.